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Schiff, Jacob Henry

War taxation

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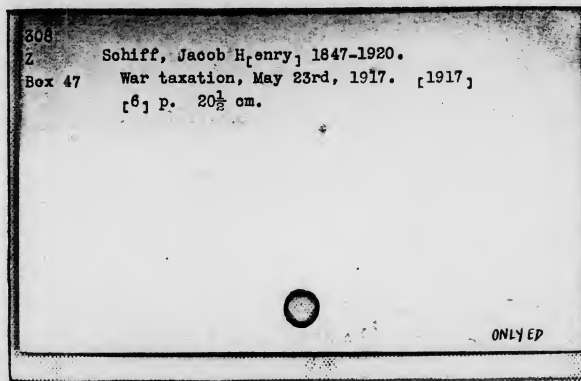
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WAR TAXATION

JACOB H. SCHIFF

May 23rd, 1917

June 6, 1917 AET

IT is entirely proper that the tax imposing power exercise in times such as have come upon us the widest discretion in the levying of taxes, and the taxpayer willingly furnish all that may be needed to insure the victory of the cause of Democracy for the upholding and defense of which we have drawn the sword.

But the power to tax is the power to destroy and, being in these momentous times clothed with the responsibility of enacting laws to produce an heretofore unknown and unheard of amount of governmental revenue, should Congress not stop and consider lest the imposts it proposes to levy may so affect our economic structure that much that has been builded in the course of many decades may become endangered, if not destroyed.

The insistence that the cost of the war we have rightly entered upon should, to the largest extent, be paid for by taxation is not justifiable. We are going into battle in order to save the day for posterity, who of right should bear part of the burden we shall have to assume. Because of this, it would be perfectly proper to provide for the payment of the larger part of the cost of the war by bond issues to be gradually

extinguished through larger annual sinking funds. Whatever indebtedness we may have to shoulder, a sinking fund of five per cent. a year, which would not form too heavy a burden, would amortize the debt in about fifteen years.

Were such a plan adopted in order to raise the large sums now and hereafter needed, in place of the crushing tax measures that are pending, capital would not become frightened, as is very likely to be the case if the proposition already before Congress becomes enacted into law, and the country's industrial and commercial development can then progress and not be crushed by an unscientific system of taxation, such as we are threatened with.

There is another aspect that should not be lost sight of, but be seriously considered.

A very considerable number of our important universities, colleges and educational institutions of every kind, of hospitals, orphan asylums, altruistic movements and funds, not to speak of churches, charities, Young Men's Christian and similar Associations, that are making for the elevation and improvement of the people of this country, if not of mankind in general, have been and are constantly called into being through the gifts and bequests of the so-called well-to-do. These institutions, located all over the country, are dependent for the proper exercise of their activities upon the ability of the wealthy

to furnish the means for their support. Is it not to be feared that, with the adoption of the measure that is being discussed in Congress at present, and which, if enacted into law, is without any doubt going to stop at their source the free flow of the enormous sums that have heretofore been so readily forthcoming for altruistic purposes, conditions will be created which may result in impeding our very continuance as a Nation ever progressing in the things which give life its real value.

No one can now foretell how long the struggle we have entered upon may last, how large may grow the sacrifices in men and treasure the Nation may have to bring. It will bring these sacrifices without hesitation to any extent that may be asked, but it will prove a short-sighted and most likely disastrous policy to endeavor right at the outset to raise our war budget by an all too exhaustive taxation, instead of seeking to maintain the economic strength of the Nation by obtaining the larger part of the colossal sums that may be needed, through the use of the inexhaustible credit of the Nation, making proper provision for extinguishment of the funded debt by means of larger annual sinking funds.

Even thus, taxes in an aggregate altogether unknown heretofore will have to be imposed, but such taxation need be scientific in character, in order that the burden become so distributed that business initia-

tive and activity do not become destroyed, or even seriously handicapped, for if that be the result, as is not unlikely, of the tax scheme now before Congress, the consequences to the country will be very serious.

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